

**OVERSIGHT BOARD TO THE FORMER  
COMMUNITY REDEVELOPMENT AGENCY  
OF THE CITY OF COMPTON  
STAFF REPORT**

**DATE:** NOVEMBER 20, 2013

**TO:** THE HONORABLE CHAIR AND BOARD MEMBERS

**FROM:** EXECUTIVE DIRECTOR

**SUBJECT: CONDUCTING A PUBLIC HEARING AND APPROVAL OF THE SALE AND DISPOSITION AGREEMENT BETWEEN THE SUCCESSOR AGENCY AND TRADEMARK DEVELOPMENT COMPANY, LLC, AGREEMENT FOR DEVELOPMENT OF CERTAIN SUCCESSOR AGENCY OWNED PROPERTY LOCATED AT 1400-1436 WEST COMPTON BOULEVARD**

**SUMMARY**

Staff respectfully request the Board to concur with the Successor Agency Board's approval on September 10, 2013, the Sale and Disposition Agreement between the Successor Agency and Trademark Development Company, LLC, in connection with the proposed purchase by Trademark Development Company, LLC of certain Successor Agency owned property located at 1400 – 1436 W. Compton Boulevard in the City of Compton.

**BACKGROUND**

In accordance with its strategic and aggressive efforts to stimulate private sector investment into the community to expand the City's tax base, the Successor Agency to the Community Redevelopment Agency (Agency) has continuously sought out prestigious and accomplished developers as partners in the redevelopment of Compton. These efforts are part of the City's efforts to transform Compton's physical, economic, and social fabric into a vibrant, commercial retail center and destination place for moderate income residents. In furtherance of this economic development effort, the Successor Agency has received a proposal from Trademark Development Company, LLC, a well-established developer in the field of affordable residential development. Trademark proposes to develop the site into Eighteen (18) detached single-family homes with an average 1,400 square footage floor plan.

Trademark is a San Gabriel Valley-based real estate development company, which was formed to take advantage of the numerous development opportunities in the Southern California infill

housing market. The company specializes in the design, construction, and sale of new homes to entry-level, first time move-up, and move-down homebuyers.

### **STATEMENT OF THE ISSUE**

Trademark builds new homes in mature Southern California neighborhoods within close proximity to employment centers, retail centers, and cultural/entertainment attractions. Trademark's homes illustrate the highest level of quality that foster a "sense of community", and provide long-lasting value to its homebuyers. Trademark is more than a builder of residential developments. Trademark is a community builder. The company strives to improve the overall quality of the neighborhoods where its housing developments are located. Finally, the Company continually makes a concerted effort to build on challenging sites often overlooked by typical development entities.

Trademark begun construction in January 2011 on the "Classics at Washington Park", an eight unit townhome development located in Northwest Pasadena on the site of a former blighted liquor store property. Four of the units will be marketed and sold to first-time homebuyers.

In November 2010, Trademark completed construction on its first mixed use project, the "Allen-Brigden" classics. This development, located at 1142 N. Allen Avenue in the City of Pasadena, includes 6 units, two of which were designed, constructed, and marketed as live-work units. Five of the 6 units in the project are geared toward moderate-income and low-income households. Homeowners will begin moving into the development in January 2011.

In March 2008, Trademark completed sales of six affordable townhomes in the City of Arcadia. This project, the "Alta Street Classics" was the first for-sale affordable housing project built in the City of Arcadia. Trademark worked closely with the Redevelopment Agency staff to structure the financing program for the homebuyers. In addition, Trademark took the lead in bringing in the non-profit Housing Rights Center of Los Angeles to ensure that the homebuyer selection process was fair and equitable.

### **FEASIBILITY ANALYSIS**

Staff's methodology for determining the property valuation was based on the current market conditions and the economic feasibility model used to determine the residual land value for an affordable housing development project. The independent variables that were taken into consideration for this pro-forma were the following:

- A.) Status of the existing site improvements
- B.) Amount of building materials and debris that must be removed and discarded
- C.) Current home value for new construction in the Compton market area
- D.) Current costs for building materials
- E.) Current costs of financing for affordable "For-Sale" housing projects

Based on the forgoing information, staff has determined that an affordable residual equitable land price for a new construction affordable housing project on 1.48 acres could generate a purchase price of \$360,000.00 per unit. This affordable residual land value will require that each home sold in the project will be restricted to eligible homebuyers with a Moderate Income level between 80% to 120% low-moderate income families.

Additionally, the Agency through its 2010 Tax Allocation Bonds – Series A Housing funds has committed \$1,300,000 thousand dollars to the project for assistance and to facilitate eligible First Time Home Buyers. The Agency's Tax Allocation bond funds allocated to this project were approved by the Urban Community Development Commission under resolution #1,808.

In addition, these funds have been identified in the Successor Agency's Due Diligence Review (DDR) Report – Housing Funds as "Restricted funds". As such as, restricted funds are not available to be remitted back to the State Department of Finance under the "claw back" provisions of Assembly bill 1484.

## **HOUSING NEEDS ANALYSIS**

### **Market Analysis:**

Staff has researched and performed detailed housing market analysis of the City of Compton. This market analysis provides a review, comparative trend analysis relative to the pricing for both new construction and existing housing stock that has been listed and sold within the City. As such, this analysis allows staff to extrapolate the sales price for the homes.

The market analysis suggests that for a new construction housing product, the average sales price for a similar detached single family home with an average of 1,400 square feet is \$215,000 to \$240,000. As a result, the developer is proposing sales price of approximately \$220,000 dollars for each home.

### **Housing Stock Analysis:**

The following information provides a compelling need for the City to develop and implement an action plan to address the deficiency in the City's available and immediate housing stock to meet the needs of the City's growing population.

#### **A.) Age of Housing Stock:**

Currently, over 70% percent of the City of Compton existing housing stock is over 45 years old. Due to the City's disproportionate amount of aging and deteriorating housing stock, a lot of homes are in need of rehabilitation, substandard and therefore a need for new housing stock is necessary to mitigate these housing issues. See 3.2.7

### B.) Overcrowding:

According to statistical data as of 2000, more than 39% of the City's existing housing stock was considered overcrowded. "An overcrowded unit is one which there is more occupants than rooms available". A typical overcrowded house is where there are 1.51 persons per room. Studies have shown that overcrowding may be a factor of poor affordability of quality housing stock within a community. Thus necessitating the City encourages and develops policies for the construction of new affordable housing units in the City. See 3.2.8

### C.) Population Growth and Age:

Facts: a) The City's population has had an average growth rate of 7% over the past 20 years from 1990 – 2010; however the City's housing stock has only increased at a rate of 2.5% over the same 20 year period. (U.S. Census Bureau, 1980, 1990, 2000 and DOF 2009).

b) The Agency's approved Five-Year Implementation Plan (January 2010) identified approximately 244 housing units that need to be developed in the city over the next five (5) years.

D.) Action Item: Develop policies, goals, objectives and a strategic plan to attract high quality affordable housing to meet the population growth issues and demands of the City.

#### A. City of Compton - Housing Element (Draft General Plan 2030)

##### a. Housing Goal# 2: The City of Compton will implement the following:

- i. Increase its efforts with private housing developers to increase the availability of market rate housing for homeowners and renters
- ii. Implement land use policies which allow for a range of residential densities, including single family, townhomes, apartments and condominiums.
- iii. Encourage private sector production of for sale and rental housing for special needs groups: low-income, the elderly (seniors), disabled persons, large families, Female head of household and homeless.
- iv. Promote the development of senior housing and low and moderate income housing by providing density bonuses and other incentives in Section 65915 of CGC.
- v. Assisting residential developers in locating suitable land for housing development
- vi. City will locate higher density residential development in close proximity to public transportation, municipal services, and recreation

##### b. Housing Goal# 3 : Increase the amount of Homeownership in the City

- i. Creates a sense of neighborhood pride and care about the community
- ii. Provide affordable finance purchase options for moderate income families
  1. Mortgage down-payment assistance
  2. Low-interest loans
  3. Mortgage Revenue Bond financing

## **ECONOMIC BENEFITS**

The subject property is located off Compton Boulevard, a major arterial thoroughfare in the City. Additionally, the site is abutted to its South borders by “Traditional detached Single Family homes”. These existing single-family neighborhoods would allow the proposed development to maintain that continuity of high quality residential development within the area and compliment other proposed residential developments along Compton Blvd. What’s more, the construction of a high quality housing development project, as proposed by the developer, will offer several economic benefits to the City, such as:

1. The City will receive increased property tax revenue, because the property currently does not participate in the property tax roll as public land. Once the development is completed, the project is estimated to have a value of approximately \$8 Million dollars of new private investment” into the City of Compton.
2. The City’s General Fund would receive an estimated \$200,000 in one-time development permit fees.
3. The City of Compton, acting as the Successor Housing Agency would receive \$360,000 in land sales proceeds for implementation of housing related activities eligible under the California Redevelopment Law.
4. Attracting new Moderate Income families (Household Income of \$65,000) into the City of Compton.
  1. Increase the City of Compton’s – Median Household Income Levels (See 3.2.9)
    1. FY 2000: \$48,474 and FY 2010: \$50,000
    2. Increase of disposable income into the City’s Economic Tax base

The developer anticipates the project will be completed approximately 12 months from date of approval.

## **DEVELOPMENT IMPACT ANALYSIS**

### **Public Safety:**

- 1.) Physical Blight (Eliminate):
  - a. The removal of blight, the rededication of underutilized land for a specific high-use purpose, improved aesthetic appearance of an area will tend to deter criminal activity. The reason being that new development creates an increase of pedestrian and auto traffic into the area and increased security and lighting, which presents a less attractive environment for criminal activity to be present.

2.) Compton Fire Department:

- a. Staff and developer have contacted the City's Fire Department regarding their input on the proposed development. The Fire Department has indicated that the project must have a minimum 26' wide street access and sprinkler homes for each unit. Also, once the project is resubmitted through the City's development review process additional comments will be provided if necessary.

City's Infrastructure:

- 1.) Public Works Department: The Public Works Department will comment on the project as part of the City's development entitlement process.
- 2.) Compton Water Department: The Compton Water Department will comment on the project as part of the City's development entitlement process.
- 3.) Planning Department: Staff and developer have met with the Planning staff and they have indicated that the project does comply and adheres with the City of Compton Draft General Plan 2030. In addition, planning staff has indicated they will review the project and provide additional comments as part of the development entitlement process.

**FISCAL IMPACT**

There is no negative fiscal impact to the City's General Fund with the approval of this resolution. Through the City's development permit fee process, staff has estimated that the City's General Fund would receive \$200,000 in fees for this project.

Trademark is proposing to purchase the site from the Successor Agency for \$360,000 dollars. The proceeds from the sale of this property will be retained by the City of Compton (acting as the Successor Housing Agency to the Community Redevelopment Agency), for use to implement the housing activities and projects of the former Community Redevelopment Agency.

The use of the sales proceeds from this project is restricted in accordance with the Health and Safety Code Section 34176(d) which states that "...any funds generated from housing assets...shall be maintained in a separate Low and Moderate Income Housing Asset Fund...Funds in this account shall be used in accordance with applicable housing related provisions of the Community Redevelopment Law".

The Successor Agency has funds allocated in its 2010 Tax Allocation Bond – Series A housing proceeds for this project and to assist First Time Homebuyers for this development. These funds are available in the amount of \$1,300,000 dollars in account number 3070-91-0000-4266. The current balance in this account is \$6,100,000 dollars. These bond funds will be available for use once the Successor Agency receives a Finding of Completion from the DOF.

## **RECOMMENDATION**

Staff respectfully request that the Board approve the proposed purchase by Trademark Development Company, LLC of certain Successor Agency owned property located at 1400 – 1436 W. Compton Boulevard in the City of Compton.

**DR. KOFI SEFA-BOAKYE**  
**REDEVELOPMENT MANAGER**

**G. HAROLD DUFFEY**  
**EXECUTIVE DIRECTOR**

**RESOLUTION NO. \_\_\_\_\_**

**A RESOLUTION OF THE OVERSIGHT BOARD TO THE SUCCESSOR AGENCY FOR THE COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF COMPTON CONDUCTING A PUBLIC HEARING AND APPROVAL OF THE SALE AND DISPOSITION OF CERTAIN SUCCESSOR AGENCY OWNED PROPERTY LOCATED AT 1400 – 1436 W. COMPTON BOULEVARD TO TRADEMARK DEVELOPMENT COMPANY, LLC FOR RESIDENTIAL DEVELOPMENT**

**WHEREAS**, in its aggressive effort to stimulate private sector investment into the community to expand the City's tax base, the Successor Agency to the Community Redevelopment Agency (Agency) has continuously sought out prestigious and accomplished developers as partners in the rebuilding of Compton; and

**WHEREAS**, in furtherance of this economic development effort, the Successor Agency solicited and has received a proposal from Trademark Development Company, LLC, a well-established developer in the field of affordable residential development; and

**WHEREAS**, Trademark Development Company is a San Gabriel Valley-based real estate development company, which was formed to take advantage of the numerous development opportunities in the Southern California infill housing market. The company specializes in the design, construction, and sale of new homes to entry-level, first time move-up, and move-down homebuyers; and

**WHEREAS**, Trademark proposes to purchase the site from the Successor Agency for \$360,000 dollars and develop the site into Eighteen (18) detached single-family homes with an average 1,400 square footage floor plan. The market analysis suggests that for a new construction housing product, the average sales price for a similar detached single family home with an average of 1,400 square feet is \$215,000 to \$240,000.

**WHEREAS**, based on a feasibility analysis, staff has determined that an affordable residual equitable land price for a new construction affordable housing project on 1.48 acres could generate a purchase price of \$360,000.00 per unit. This affordable residual land value will require that each home sold in the project will be restricted to eligible homebuyers with a Moderate Income level between 80% to 120% low-moderate income families.

**WHEREAS**, pursuant to resolution #27 (dated September 10, 2013) the Board of Directors to the Successor Agency of the Community Redevelopment Agency, approved the sale of subject parcel and authorized staff to submit to the Oversight Board the proposed purchase by Trademark Development Company, LLC of certain Successor Agency owned property located at 1400 – 1436 W. Compton Boulevard in the City of Compton; and

**WHEREAS**, the Agency through its 2010 Tax Allocation Bonds – Series A Housing funds has committed \$1,300,000 thousand dollars to the project for assistance and to facilitate eligible First Time Home Buyers. The Agency's Tax Allocation bond funds allocated to this project were approved by the Urban Community Development Commission under resolution #1,808. In addition, these funds have been identified in the Successor Agency's Due Diligence Review (DDR) Report – Housing Funds as "Restricted funds". As such as, restricted funds are not available to be remitted back to the State Department of Finance under the "claw back" provisions of Assembly bill 1484; and

**NOW, THEREFORE, THE OVERSIGHT BOARD TO THE SUCCESSOR AGENCY OF THE CITY OF COMPTON, HEREBY FINDS, DETERMINES, RESOLVE, AND ORDERS AS FOLLOWS:**

**Section 1.** That the above recitals are hereby true and correct and are a substantive part of this resolution.

**Section 2.** That this resolution is adopted pursuant to Health and Safety Code Section 34177.



**Section 3.** That the Oversight Board conducts the public hearing and approve the Sale and Disposition agreement between the Successor Agency and Trademark Development Company, LLC for the sale of certain Successor Agency owned property located at 1400 – 1436 W. Compton Boulevard in the City of Compton.

**Section 4.** That there is no negative impact to the City of Compton or the affecting taxing entities with the approval of this resolution.

**Section 5.** That Trademark Development Company LLC will purchase the site from the Successor Agency for \$360,000 dollars for residential development.

**Section 6.** That the officers and staff of the Oversight Board and the Successor Agency are hereby authorized and directed, jointly and severally, to execute the agreement as agreed upon by all parties and to do any and all things which they may deem necessary or advisable to effectuate this resolution.

**Section 7.** That a certified copy of this resolution shall be filed in the offices of the Executive Director of the Successor Agency.

**ADOPTED** this \_\_\_\_ day of \_\_\_\_\_, 2013.

\_\_\_\_\_  
**CHAIRPERSON OF THE OVERSIGHT BOARD  
TO THE SUCCESSOR AGENCY TO THE  
COMMUNITY REDEVELOPMENT  
AGENCY OF THE CITY OF COMPTON**

**ATTEST:**

\_\_\_\_\_  
**SECRETARY TO THE OVERSIGHT BOARD  
TO THE SUCCESSOR AGENCY TO THE  
COMMUNITY REDEVELOPMENT  
AGENCY OF THE CITY OF COMPTON**

STATE OF CALIFORNIA  
COUNTY OF LOS ANGELES  
CITY OF COMPTON: ss

I, Tanya Ruiz, Secretary to the Oversight Board to the Successor Agency to the Community Redevelopment Agency of the City of Compton, hereby certify that the foregoing resolution was adopted by the Board, signed by the Chairperson, and attested by the Secretary at the regular meeting thereof held on the \_\_\_\_ day of \_\_\_\_\_, 2013.

That said resolution was adopted by the following vote, to wit:

**AYES:           BOARD MEMBERS -**  
**NOES:           BOARD MEMBERS -**  
**ABSENT:        BOARD MEMBERS -**

\_\_\_\_\_  
**SECRETARY TO THE OVERSIGHT BOARD  
TO THE SUCCESSOR AGENCY TO THE  
COMMUNITY REDEVELOPMENT  
AGENCY OF THE CITY OF COMPTON**

# Trademark Presentation

1400-1436 W. Compton Blvd.

Residential Development



Conceptual Street Scene @ Compton Blvd.  
Compton, California



